

GWALIA (U.S.A.) LTD.



World Trade Center
1675 Broadway, Suite 2350
Denver, Colorado 80202
U.S.A.
Telephone (303) 592 4580
Facsimile (303) 592 4586

7 November 1989

Mr. Bill Musser
McNair Law Firm, PA
1301 Gerda's
18th Floor
Columbia, South Carolina 29211

RE: Barite Hill - Memorandum of Lease

Dear Mr. Musser,

Enclosed please find the original Memorandum of Lease per your request. I hope this hasn't caused any inconvenience.

Let me know if you need any additional information.

Thank you.

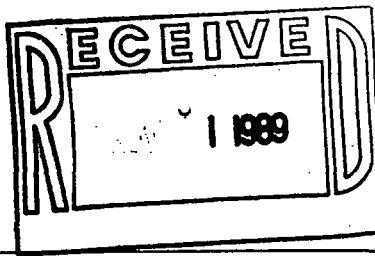
Sincerely,


Patricia Murphy

enclosure

pm





BOWATER INCORPORATED

Carolina Division
5300 Cureton Ferry Road
Post Office Box 7
Catawba, SC 29704
803/329-6600
Fax 803/329-2501
Telex 57-0345

October 30, 1989

Mr. Michael Drozd
Vice President-Operations
World Trade Center
1675 Broadway, Suite 2350
Denver, Colorado 80202

Dear Mr. Drozd:

Enclosed is the Memorandum of Lease that has been signed by Mr. Flanders.
I apologize for the delay in returning this agreement to you.

Sincerely,

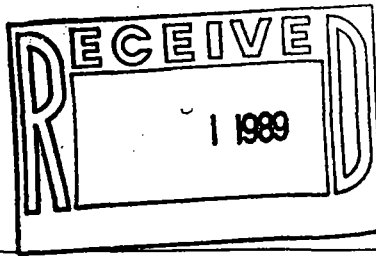
D. Pat Blackerby
Assistant Land Management Forester

DPB:1fb

Enclosure

cc: Mr. H. M. Templeton, III (w/enclosure)

cc: Bill Musser
D. Pat Blackerby.



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Assistant Land Management Forester

DPB:1fb

Enclosure

cc: Mr. H. M. Templeton, III (w/enclosure)

cc: Bill Musser
D. Pat Blackerby

STATE OF SOUTH CAROLINA)

MEMORANDUM OF LEASE

COUNTY OF MCCORMICK)

BOWATER INCORPORATED
TO GWALIA (USA), LTD.

WHEREAS, by Exploration Agreement with Option to Lease originally effective as of the first day of September 1985 (hereinafter called the "Lease"), Bowater Incorporated, a Delaware corporation, whose address is Post Office Box 7, Catawba, South Carolina (hereinafter called the "Landlord"), granted, demised and leased unto Gwalia (USA), Ltd., a Delaware corporation, whose address is 1675 Broadway, Denver Colorado, as successor to the rights of Amselco Exploration Inc. under the Lease (hereinafter called the "Tenant"), that certain real property located in the County of McCormick in the State of South Carolina as described on Exhibit A attached hereto (the "Premises"); and

WHEREAS, the Premises has been leased for a term ending on the later of September 1, 2005 or the September 1 immediately following the date Gwalia ceases commercial production as more particularly set out in the Lease;

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS that for and in consideration of the rents, conditions and obligations to be performed by Tenant and the covenants and warranties by Landlord, all as set out in the Lease, said instrument being hereby incorporated by reference as if fully set out herein, Landlord and Tenant have caused these presents to be executed for the purpose of evidencing the Lease and providing record notice to

all concerned by hereby recording this Memorandum in the Office of the Clerk of Court for the County of McCormick, State of South Carolina.

IN WITNESS WHEREOF, the parties have caused this instrument to be duly executed this 30th day of October 1989.

WITNESSES:

Don Blackley
Mary S. Blake

Terri McClokey
Jimmie Hart

BOWATER INCORPORATED

By: Joseph M. Hanch
Its: Vice President

GWALIA (USA), LTD.

By: W. D. J.
Its: Vice President - Operations

STATE OF S.C.)
COUNTY OF YORK)

PROBATE

Before me, the undersigned notary public personally appeared Davis P. Blackerby, who being duly sworn, deposed and said that he saw Bowater Incorporated, by its Vice President, sign and deliver the foregoing Memorandum of Lease and that he together with Mary S. Blake witnessed the execution thereof.

Davis P. Blackerby
Witness

SWORN TO and subscribed
before me this 30th day
of October, 1989

Luella F. Bailey
Notary Public for South Carolina

My Commission Expires: 4/3/99

STATE OF _____)
COUNTY OF _____)

PROBATE

Before me, the undersigned notary public personally appeared Kenri McCloskey, who being duly sworn, deposed and said that he saw Gwalia (USA), Ltd., a Delaware corporation, by its Vice President, Operations, sign and deliver the foregoing Memorandum of Lease and that he together with Jennifer Short witnessed the execution thereof.

Kenri McCloskey
Witness

SWORN TO and subscribed
before me this 1 day
of November, 1989

Patricia Ann Murple
Notary Public for Colorado

My Commission Expires: 5/17/93